

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3576 – SB 3597

April 24, 2012

SUMMARY OF AMENDMENT (017261): Adds new language to the original bill. Prohibits the Tennessee Board of Regents (TBR) and the University of Tennessee (UT) from increasing tuition prior to the fall semester of 2014 from the tuition rate that is established at each institution for the 2012 fall semester.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Revenue - \$156,321,200/One-Time/FY13-14

Other Fiscal Impact – According to UT and TBR, if a mandated salary increase is included in the FY13-14 budget, TBR and UT will be unable to fund the mandate unless additional state appropriations are made since mandated salary increases are funded in large part by tuition increases. The increase in additional state appropriations for this purpose is unknown and is dependent upon whether a salary increase is included in the FY13-14 budget and its amount.

Assumptions applied to amendment:

- The revenue totals for FY11-12 have not been received by the institutions.
- Tuition includes in-state and out-of-state tuition.
- TBR and UT would have increased tuition in the FY13-14 academic year. The exact increase in tuition in FY13-14 is unknown.
- In FY08-09, revenue for TBR from tuition was \$627,705,963. In FY09-10, TBR's tuition revenue was \$723,151,413. In FY10-11, TBR's tuition revenue was \$800,426,641.
- TBR's average annual growth from tuition revenue from FY08-09 to FY10-11 was 11.4 percent.
- With 11.4 percent growth, TBR would receive \$891,675,278 (\$91,248,637 + \$800,426,641) in tuition FY11-12; \$993,326,260 in tuition (\$101,650,982 + \$891,675,278) in FY12-13; and \$1,106,565,454 (\$113,239,194 + \$993,326,260) in FY13-14.

- The one-time decrease in state revenue for TBR from projected tuition from FY12-13 to FY13-14 is projected to be \$113,239,194.
- In FY08-09, revenue for UT from tuition was \$317,039,671. In FY09-10, UT's tuition from revenue was \$345,406,094. Based on past calculations for revenue freezes and projected average tuition increases, it is estimated that tuition for UT will increase approximately nine and one-half percent annually. With a nine and one-half annual tuition revenue increase, in FY10-11, the projected tuition revenue for UT was \$378,219,637; in FY11-12, the projected tuition revenue for UT was \$414,150,506.
- With this average percentage tuition revenue increase, UT would receive \$453,494,804 (\$414,150,506 + 39,344,298) in revenue in FY12-13. UT would receive \$496,576,810 in tuition revenue (\$453,494,804 + \$43,082,006) in FY13-14.
- The one-time decrease in state revenue for UT from projected tuition revenue in FY13-14 will be \$43,082,006.
- The total decrease in one-time state revenue from projected tuition revenue in FY13-14 will be \$156,321,200 (\$113,239,194 + \$43,082,006).
- Any increase in the number of recognized student religious groups or organizations or in such groups' or organizations' activities on public higher education institution campuses will have no fiscal impact on state or local government expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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